



Boligkreditt

3rd Quarterly Report 2021

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Statement of the Board of Directors of SpareBank 1 Boligkreditt AS, 3rd Quarter 2021

SpareBank 1 Boligkreditt's purpose

SpareBank 1 Boligkreditt AS ('Boligkreditt', 'SpaBol', or 'The Company') is a specialized covered bond issuer. It is regulated as a credit institution and licensed by the Norwegian Financial Supervisory Authority (Finanstilsynet) and is operated according to the legislation for covered bonds in Norway¹.

The purpose of the Company is solely to provide funding for its owner banks by buying qualifying residential mortgage loans from them with a loan-to-value ("LTV") of up to 75 percent and financing these through the issuance of covered bonds².

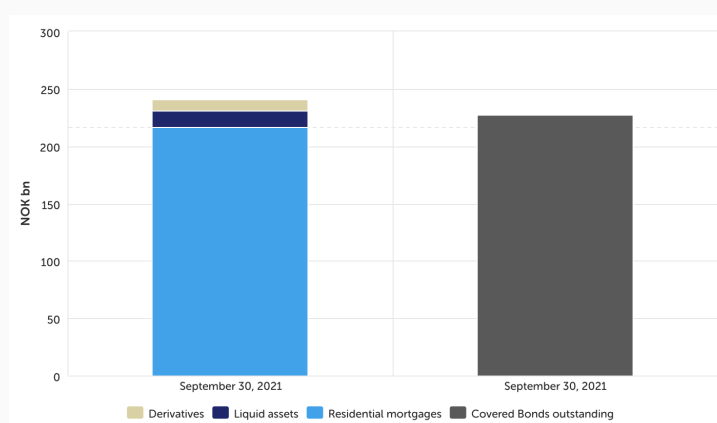
The Company, which is based in Stavanger, Norway, is owned by banks which are all members of the SpareBank 1 Alliance. A comprehensive agreement with each of these banks regulates the mortgage purchasing process and the obligations which the banks owe the Company and its mortgage customers ("Transfer and Servicing Agreement"). The Company pays out the interest margin earned to its owner banks, with deductions for estimated operating and financial expenses. This margin is accounted for as commissions to owner banks.

The Company's issuances of covered bonds mainly take place under the EUR 35,000,000,000 Global Medium Term Covered Note Programme (GMTCN Programme). This Programme was updated on April 20, 2021, and is available on the Company's home page: <https://spabol.sparebank1.no>.

Moody's Ratings Service evaluate the credit quality of the issuances under the GMTCN Programme. The covered bonds are rated Aaa.

Cover pool and outstanding covered bonds³

SpareBank 1 Boligkreditt's cover pool consists of residential mortgages and liquid, highly rated assets as well as derivatives hedging liabilities in a foreign currency and/or at fixed rates. The chart below illustrates the balances as of September 30, 2021:



¹ The covered bond legislation is included in the Financial Institutions Act ("Finansforetaksloven") chapter 11, section II and the detailed regulations thereof.

² The limit for instalment mortgages is 75 percent, while mortgages which have no scheduled repayment structure are limited to 60 percent. There is a regulatory minimum amortization requirement of 2.5 percent annually for new mortgages with an LTV at 60 percent or above.

³ The source is the cover pool asset liability test for overcollateralization as of September 30, 2021 (see notes to the financial statements). Norwegian covered bond issuers are required by law to group derivatives as part of cover pool assets, and not together with the issued covered bonds that they hedge (liability side). This is reflected in the chart.

The amount of **liquid assets** varies over time and the variation is solely a result of the Issuer's liquidity risk management (and regulatory requirements), whereby upcoming redemptions are refinanced prior to the maturity of outstanding bonds (minimum 180 days) with bond proceeds invested as liquid assets. Liquid assets are covered bonds with a triple-A rating, SSA or government bonds with a triple-A rating or short-term cash deposits and repos (please see the cover pool statistical reports for details on the composition of liquid assets).

Derivatives are used solely to hedge currency and interest rate risk. They are tailored to exactly match the cash flows related to the bonds they hedge, for the full duration of the bond. Swap counterparties are subject to certain rating criteria, and are in all cases banks other than the Company's owner banks. Counterparties post collateral to Boligkreditt for its swap exposures, and this is included as a liability and an asset, amongst liquid assets, on the balance sheet.

The table below provide an overview of the **residential mortgages** in the cover pool, as well as the overcollateralization.

Residential mortgages key figures⁴

	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020
Weighted Average Current LTV (%)	48.3 %	49.2 %	51.2 %	51.4 %	51.8 %
Weighted Average Original LTV (%)	59.9 %	59.9 %	59.8 %	59.7 %	59.3 %
Average Loan Balance (NOK)	1,564,121	1,539,309	1,521,007	1,507,205	1,488,367
Number of Mortgages in Pool	138,755	137,453	138,595	138,298	138,275
Pct. of non first-lien mortgages	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Overcollateralization	6.0 %	5.7 %	4.5 %	4.4 %	4.3 %

Key developments in the first three quarters 2021

SpaBol did not issue covered bonds in non-domestic currencies during the third quarter of 2021, though in domestic currency, more than NOK 16 billion have been issued, including NOK 3 billion in the third quarter and EUR 1 bn in the second. There is no extraordinary central bank financial support in Norway, further market issuance is likely to take place in the fourth quarter.

The residential mortgage lending volume which SpaBol finances continue to increase. The financed mortgage volume stands at NOK 217 billion at the end of the third quarter 2021, up from NOK 208 billion at the beginning of the year (+4.3 percent).

The Norwegian government is implementing the EU's harmonization directive for covered bonds, as well as changes to Article 129 in CRR (Capital Requirement Regulation). This is expected to cause that the required regulatory overcollateralization increases to 5 percent from 2 percent. These and other changes in the covered bond legal framework, due to the EU harmonization, are not expected to represent any difficulty for the Company.

Towards the end of the third quarter, and with a high vaccination rate, Norwegian society re-opened up and ended the pandemic related rules and restrictions. The employment situation has also largely returned to normal. Boligkreditt has again initiated in-person investor meetings and will continue to offer that alongside digital meetings and discussions.

⁴ Overcollateralization in the table is calculated inclusive of LCR amounts within the cover pool.

Quarterly accounts

The accounts have been prepared in accordance with the International Reporting Standards (IFRS) as adopted by the EU and published by the International Reporting Standards Board (IASB).

The Board views the accounts as presented to be a true representation of SpareBank 1 Boligkredit's operations and financial position as of the end of the third quarter 2021. Numbers in brackets refer to the corresponding period last year for comparison.

The total balance sheet at 30.09.21 amounted to 258 (287) billion kroner. While the financed volume of mortgages continued to increase (NOK 217 billion vs. 205 billion on September 30 the prior year), the balance sheet decreased primarily due to a reduced value of financial derivatives (and associated collateral), due to a stronger NOK exchange rate against EUR, and repayment of maturing debt. The Company had in the first three quarters of 2021 net interest income of 1,790 (1,497) million kroner. The increase is due to a higher volume of financed mortgages and a higher margin compared to the same period last year when variable mortgage interest rates reduced quickly due to the pandemic. Commission expense, which are amounts paid to Boligkredit's owner banks, were 1,606 (1,169) million. These amounts largely reflect net interest income for mortgages financed, and represent most of the margin between mortgage interest rates and the Company's funding costs.

The cost of operations for the first three quarters of 2021 was 32 (29) million kroner including depreciation and amortization. The majority of operating costs are for expenses related to the Company's bond issuances, IT operations as well as personnel related expense.

IFRS 9 expected loan losses decreased by 13 (increased by 11) million to 17 (22) million. No actual loan losses have occurred. This produces an operating result of 133.9 (182.1) million kroner before tax. The operating result includes scheduled payments to Additional Tier 1 bondholders, which are classified as distribution to equity capital.

The Company's own liquid assets were approximately 20 (28) billion kroner as of the end of the third quarter. The volume of Boligkredit's liquid assets is rules driven. Liquid assets are cash and highly rated, highly liquid bonds being held as a function of refinancing early the Company's upcoming bond maturities at least six months ahead of expected maturities. The volume of liquid assets is, at a minimum, managed to meet the 180-day minimum liquidity rule in the EU covered bond harmonization directive.

Risk Aspects

SpareBank 1 Boligkredit, as a licensed and regulated covered bond issuer, is subject to strict rules regarding its exposure to credit, market, and liquidity risks. This fact, and the aim of the maintenance of the Moody's Aaa rating, means that the Company is subject to low levels of risk and places strong emphasis on risk control.

Credit Risk is defined as the risk that losses can occur as a consequence of those customers and others not having the ability or willingness to meet their obligations to SpareBank 1 Boligkredit. Because the Company buys residential mortgages within 75% of the value of the objects on which the mortgages are secured, the Board of Directors concludes that the credit risk is lower than for Norwegian banks in general.

Market risk is defined as the risk of losses due to changes in market rates, i.e., interest rates, exchange rates and the prices of financial instruments. At the end of the third quarter SpareBank 1 Boligkredit had issued bonds for approximately 133 billion kroner in EUR, 9 billion kroner in GBP and 8.8 billion kroner in Swedish kroner, based on exchange rates on September 30, 2021. However, all borrowing and investments with a fixed rate, and all borrowing and investments in a foreign currency, have been hedged by financial currency- and/or interest rate swap agreements or through natural hedges. The collective cash flow therefore matches borrowing in Norwegian kroner with floating rate conditions (NIBOR 3 months). The Company receives collateral from its counterparties in derivative agreements according to certain criteria.

The bonds held in the Company's liquidity portfolio are mainly Nordic covered bonds and German supra sovereign and agencies (agencies guaranteed by the German government) with a triple-A rating from Fitch, Moody's or S&P. Deposits are placed in banks with a minimum rating of A/A2. Cash is also placed in reverse repos with approved counterparty banks, with AAA rated securities as collateral.

The Company had as of September 30, 2021, only moderate interest rate risk, and immaterial amounts of currency risk.

Liquidity risk is defined as the risk that the Company is not able to meet its obligations at maturity or to finance the purchase of loans at normal terms and conditions. Liquidity risk is managed based upon a liquidity strategy approved by the Board of Directors. According to the strategy, SpareBank 1 Boligkreditt AS shall maintain a material liquidity reserve with a minimum size equal to or more than all debt maturities within the next 6 months, or to comply with the NSFR requirement as proposed, whichever is higher. The Board of Directors views SpareBank 1 Boligkreditt AS's liquidity situation as good.

Operational risk is defined as risk of loss due to error or neglect in transaction execution, weakness in the internal control, or information technology systems breakdowns or malfunction. Reputational, legal, ethical and competency risks are also elements of operational risk. The risk is assessed by the Board of Directors to be moderate.

The Company spends much time identifying, measuring, managing, and following up on central areas of risk in such a way that this contributes to meeting its strategic goals. The notes 24 through 28 in the 2020 annual accounts provide further information.

Macroeconomic development and outlook⁵

With the outbreak of the pandemic, Norway saw a recession in 2020, like most other countries, with GDP contracting 2.5 percent. The recovery is underway in 2021, led by a return of consumption, but also mainland investments, while high international energy prices have brought back a high current account surplus, as projected for 2021 and 2022.

New housing investment has delivered negative GDP contributions from 2018 through 2020 but is seen to be turning clearly positive in 2021 and 2022 and beyond. The housing market dynamic, with a high transaction volume in 2020, as well as relatively strong price appreciation, is driving this projection. However, the level of new construction is now relatively high compared to the population change (though the latter was likely lowered in 2020 and 2021 due to the pandemic circumstances). In the capital of Oslo, the net population change was negative during the first half of 2021, which is unusual. As was well communicated in advance, and due to a strong economic activity level, the Norwegian central bank raised its policy rate to 0.25% in September 2021, and further increases are now expected. This will also probably keep the residential real estate price development moderate or perhaps let the slow price correction since spring 2021 continue. This may then also moderate the expected new construction levels in the time ahead.

Unemployment as projected below is a little elevated because the figures represent average levels for the year. The actual share of the work force registered as unemployed has in late September returned to pre-pandemic level.

Summarized for a few macroeconomic indicators, the recent data and forecast for the next few years is as follows:

⁵ Macroeconomic projections have been sourced from Statistics Norway as of September 3, 2021.

Recent data and forecast (percent)	2018	2019	2020	2021	2022
Mainland GDP growth	2.2	2.3	-2.5	3.6	3.8
Private consumption growth	1.6	1.4	-6.9	4.1	7.8
Mainland investments growth	1.5	4.0	-4.1	1.8	3.5
Unemployment rate	3.8	3.7	4.6	4.7	4.4
CPI growth	2.7	2.2	1.3	3.3	1.9
Annual wage growth	2.8	3.5	3.1	3.1	3.1
Current account surplus to GDP	8.0	2.8	1.9	10.4	11.1

Source: Statistics Norway (SSB) September 3, 2021

Future Prospects of the Company

The Company has a portfolio of residential mortgage loans with an average loan to value (LTV) slightly above 50 percent, and no loans are in default. The maximum allowable level for a mortgage in a cover pool is 75 percent LTV, with amounts above that level not being eligible as a cover pool asset.

SpareBank 1 Boligkreditt's residential mortgage portfolio is well diversified, albeit weighted towards the eastern, central, and northern regions in Norway (with little exposure in the southwest oil-industry dominated area of Norway). Mortgage loans in the cover pool are very granular (average size of 1.5 million kroner). The banks in the SpareBank 1 Alliance are required to keep reserves of eligible (i.e. cover pool pre-qualified) mortgages in order to provide replacement assets should this become necessary (i.e. if residential price declines increase LTVs above the eligibility limit for mortgages in the pool). Such reserves in the banks are tested regularly to verify that a 30 percent decline in real estate prices leaves each member bank with sufficient qualifying reserves for replenishing the cover pool.

The Board of Directors views Boligkreditt as well capitalized with a capital coverage ratio of 22.6 percent against a total requirement, including all buffers, of 16.0 percent (Pillar 1) plus 0.9 percent (Pillar 2). The countercyclical buffer capital requirement was lowered from 2.5 to 1 percent in March 2020 but will increase to 1.5 percent as of June 30, 2022.

Total equity Tier 1 capital is 20.1 percent against a requirement, including buffers, of 14.9 percent. Common equity capital was 18.6 percent against a requirement, including all buffers, of 13.4 percent. It is the Company's policy to maintain capital ratios slightly above the regulatory requirements (a management buffer). When required, additional common equity is paid in by the owner banks in the regular course of business, usually in connection with increases in transferred mortgage volume. Additional Tier 1 and Tier 2 capital is raised in the Norwegian domestic capital market.

The Board of Directors views prospects for the Company to continue to be good and stable. This is based on several elements: a strict qualifying process for loans to become part of the cover pool (bank lending practices, mortgage

regulations and cover pool qualification requirements), a high degree of diversification of the mortgages in the pool, as well as the robustness of the Norwegian economy, both during the pandemic and future outlook including the strong financial resources available to the Norwegian state to support the economy at large. The Board also bases this conclusion on the low average LTV of the mortgage portfolio, no defaults or loans in arrears, and a strong history and institutional framework in Norway for mortgage loan performance.

The Board of Directors affirms its conviction that the financial accounts present a correct and complete picture of the Company's operations and financial position at the end of the third quarter 2021. The financial accounts including notes are produced under the assumption of a going concern.

There have been no incidents of a material nature after year-end which are expected to impact the accounts as of September 30, 2021.

* * *

Stavanger, October 26, 2021

The Board of Directors of SpareBank 1 Boligkreditt AS



/s/ Kjell Fordal
Chair of the Board



/s/ Bengt Olsen



/s/ Geir-Egil Bolstad



/s/ Heidi C. Aas Larsen



/s/ Merete N. Kristiansen



/s/ Knut Oscar Fleten

SpareBank 1 Boligkreditt AS

- Statement of the members of the board and the chief executive officer

The Board and the chief executive officer have today reviewed and approved the financial accounts as of September 30, 2021, for SpareBank 1 Boligkreditt AS. The accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the EU.

To the best knowledge of the Board and the chief executive officer the accounts have been prepared in accordance with applicable accounting standards and give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company taken as a whole as of September 30, 2021.

The Board of Directors and the chief executive officer declare to the best of their knowledge that the annual report gives a true and fair view of the development and performance of the business of the Company, as well as a description of the principal risks and uncertainties facing the Company.

Stavanger, October 26, 2021

The Board of Directors of SpareBank 1 Boligkreditt AS

/s/ Kjell Fordal
Chairman of the Board

/s/ Bengt Olsen

/s/ Merete N. Kristiansen

/s/ Geir-Egil Bolstad

/s/ Heidi C. Aas Larsen

/s/ Knut Oscar Fleten

/s/ Arve Austestad
CEO

Financial statements

Income Statement 3rd Quarter 2021

NOK 1 000	Note	3. quarter 2021	3. quarter 2020	01.01.2021- 30.09.2021	01.01.2020- 30.09.2020	01.01.2020- 31.12.2020
Total interest income	2	1,065,145	1,112,955	3,208,897	3,994,265	5,119,553
Total interest expenses	2	-433,250	-466,886	-1,419,148	-2,497,164	-2,980,079
Net interest income		631,895	646,069	1,789,748	1,497,101	2,139,474
Commissions to SpareBank 1 banks	3	-584,100	-566,950	-1,606,495	-1,169,011	-1,769,898
Net commission income		-584,100	-566,950	-1,606,495	-1,169,011	-1,769,898
Net gains/losses from financial instruments	4	36,470	5,734	-31,151	-106,159	-142,200
Net other operating income		36,470	5,734	-31,151	-106,159	-142,200
Total operating income		84,265	84,853	152,102	221,932	227,376
Salaries and other ordinary personnel expenses	5	-3,738	-3,844	-9,552	-8,934	-12,465
Other operating expenses	6	-6,329	-5,340	-22,007	-20,079	-28,065
Total operating expenses		-10,067	-9,185	-31,559	-29,013	-40,530
Operating result before losses		74,198	75,668	120,542	192,919	186,846
Mortgages IFRS 9 ECL	8	106	9,327	13,314	-10,815	-18,429
Pre-tax operating result		74,304	84,995	133,857	182,104	168,417
Taxes		-16,682	-18,169	-27,035	-34,436	-29,239
Profit/loss for the year		57,622	66,826	106,822	147,668	139,178
Portion attributable to shareholders		50,046	54,508	81,105	103,307	86,001
Portion attributable to additional Tier 1 capital holders		7,576	12,318	25,717	44,361	53,177
Profit/loss for the period		57,622	66,826	106,822	147,668	139,178

Overview of Comprehensive Income

NOK 1 000	3. quarter 2021	3. quarter 2020	01.01.2021- 30.09.2021	01.01.2020- 30.09.2020	01.01.2020- 31.12.2020
Profit/loss for the year	57,622	66,826	106,822	147,668	139,178
Items without future P&L impact:					
Change due to basis swap spread adjustment	136,618	-71,769	-135,290	77,802	120,478
Tax effect of basis swap spread adjustment	-34,155	17,942	33,822	-19,450	-30,120
Estimate deviation for pensions	-	-	-	-	1,537
Tax effect of the estimate deviation	-	-	-	-	-384
Total profit/loss accounted for in equity	102,464	-53,827	-101,467	58,351	91,512
Total profit/loss	160,086	12,999	5,355	206,020	230,690

Balance Sheet

Balance Sheet 3rd Quarter 2021

NOK 1 000	Note	30.09.2021	30.09.2020	31.12.2020
Assets				
Lending to and deposits with credit institutions	13	3,119,248	17,695,451	6,473,876
Certificates and bonds	13,14	22,504,403	33,852,412	34,515,412
Residential mortgage loans	8,13	217,216,218	205,998,995	208,613,697
Financial derivatives	12,13,14	11,275,359	30,074,324	21,396,448
Deferred tax asset	13	285,583	142,782	281,880
Other assets	7,13	4,084,584	798	5,018
Total assets		258,485,395	287,764,762	271,286,332
Liabilities and equity				
Liabilities				
Debt incurred by issuing securities	10,13,14	227,144,279	245,303,651	239,372,170
Collateral received under derivatives contracts	19,13	5,206,247	23,499,230	16,838,423
Repurchase agreement	13	9,568,306	250,003	-
Financial derivatives	12,13,14	1,772,856	726,670	915,540
Deferred tax	13	0	19,450	30,120
Tax payable	13	100,231	223,594	123,196
Subordinated debt	11,13	1,429,845	1,429,936	1,429,990
Other Liabilities	13,15	1,001,948	3,960,268	209,078
Total Liabilities		246,223,712	275,412,801	258,918,517
Equity				
Paid-in equity	9,13	11,698,470	11,698,470	11,698,470
Other paid-in equity (not yet registered)	13		z	
Hybrid capital	9,13	900,000	900,000	900,000
Accrued equity	13	-443,609	-394,177	-316,425
Net profit	13	106,822	147,668	
Declared dividends	13	-		85,769
Total equity		12,261,683	12,351,961	12,367,815
Total liabilities and equity		258,485,395	287,764,762	271,286,332

Stavanger, 26.10.2021

/s/ Kjell Fordal
Chairman of the Board

/s/ Bengt Olsen

/s/ Merete N. Kristiansen

/s/ Geir-Egil Bolstad

/s/ Heidi C. Aas Larsen

/s/ Knut Oscar Fleten

/s/ Arve Austestad
CEO

Changes in Equity

NOK 1 000	Share capital	Additional paid in equity	Dividend	Other paid-in equity (not yet registered)	Other Equity	Interest on hybrid capital	Hybrid capital	Total Equity
Balance as of 31 December 2019	7,610,548	3,807,922	90,566	-	-408,168	-	1,180,000	12,280,868
Share increase 22 May 2020	186,667	93,333	-	-	-	-	-	280,000
Net income for the period	-	-	85,769	-	53,409	-53,177	-	86,001
Paid interest on hybrid capital - directly against equity	-	-	-	-	-53,177	53,177	-	-
OCI -basisswapsread	-	-	-	-	90,359	-	-	90,359
Dividend 2019	-	-	-90,566	-	-	-	-	-90,566
OCI - pension - annual estimate deviation	-	-	-	-	1,153	-	-	1,153
Other	-	-	-	-	-	-	-280,000	-280,000
Balance as of 31 December, 2020	7,797,215	3,901,255	85,769	-	-316,425	-	900,000	12,367,815
Dividend 2020	-	-	-85,769	-	-	-	-	-85,769
Net income for the period	-	-	-	-	106,822	-25,717	-	81,105
Paid interest on hybrid capital - directly against equity	-	-	-	-	-25,717	25,717	-	-
OCI -basisswapsread	-	-	-	-	-101,467	-	-	-101,467
Balance as of 30 September, 2021	7,797,215	3,901,255	0	-	-336,787	-	900,000	12,261,683

Equity is paid in by the Company's parent banks when a requirement arises. The requirement arises regularly when the Company acquires larger portfolios of mortgage loans, and otherwise according to changes in capitalization rules because SpareBank 1 Boligkreditt is subject to the same capital adequacy rules under Pillar 1 as banks in general. Each parent bank has also signed a Shareholders agreement with the Company, which amongst other things stipulates when additional capital must be contributed.

Cash Flow Statement

NOK 1 000	30.09.2021	30.09.2020	2020
Cash flows from operations			
Interest received	3,267,984	2,858,899	5,189,270
Paid expenses, operations	379	20,014	-34,661
Paid tax	-123,196	250,190	-251,521
Net cash flow relating to operations	3,145,167	3,129,103	4,903,088
Cash flows from investments			
Net purchase of loan portfolio	-10,204,531	-14,782,191	-19,108,681
Net payments on the acquisition of government bills	-159,312	-536,787	-2,099,005
Net payments on the acquisition of bonds	8,126,560	-5,248,524	-5,146,575
Net investments in intangible assets	0	0	0
Net investments in fixed assets	0	-385	-5,040
Net cash flows relating to investments	-2,237,283	-20,567,887	-26,359,301
Cash flows from funding activities			
Net receipt/payment from the issuance of securities	-1,147,671	13,146,072	16,016,622
Net receipt/payment from the issuance of subordinated debt	0	-280,000	0
Net receipt/payment of loans to credit institutions	-1,622,238	16,110,938	5,157,620
Equity capital subscription	0	280,000	281,153
Paid dividend	-85,769	-90,566	-90,566
Net interest payments on funding activity	-1,406,834	-3,833,460	-3,235,991
Net cash flow relating to funding activities	-4,262,513	25,332,984	18,128,839
Net cash flow in the period	-3,354,628	7,894,201	-3,327,374
Balance of cash and cash equivalents at beginning of period	6,473,877	9,801,250	9,801,251
Net receipt/payments on cash	-3,354,628	7,894,201	-3,327,374
Balance of cash and cash equivalents at end of period	3,119,248	17,695,451	6,473,877

Quarterly Financial Statements

These quarterly statements are not individually audited and are included as additional information to these accounts.

Income Statement

	3rd quarter	2nd quarter	1st quarter	4th quarter	3rd quarter
NOK 1 000	2021	2021	2021	2020	2020
Total interest income	1,065,145	1,065,641	1,078,111	1,125,288	1,112,955
Total interest expenses	-433,250	-480,759	-505,139	-482,915	-466,886
Net interest income	631,895	584,882	572,972	642,373	646,069
Commissions to SpareBank 1 banks	-584,100	-521,979	-500,416	-600,887	-566,950
Net commission income	-584,100	-521,979	-500,416	-600,887	-566,950
Net gains/losses from financial instruments	36,470	-24,038	-43,583	-36,041	5,734
Net other operating income	36,470	-24,038	-43,583	-36,041	5,734
Total operating income	84,265	38,864	28,972	5,445	84,853
Salaries and other ordinary personnel expenses	-3,738	-2,709	-3,105	-3,532	-3,844
Other operating expenses	-6,329	-8,782	-6,896	-7,985	-5,340
Total operating expenses	-10,067	-11,492	-10,001	-11,517	-9,185
Operating result before losses	74,198	27,373	18,971	-6,072	75,668
Mortgages IFRS 9 ECL	106	826	12,382	-7,614	9,327
Pre-tax operating result	74,304	28,199	31,354	-13,687	84,995
Taxes	-16,682	-4,769	-5,584	5,197	-18,169
Profit/loss for the year	57,622	23,430	25,770	-8,490	66,826
Other income and expense	102,464	-59,171	-144,760	33,160	-53,827
Total Profit/Loss	160,086	-35,741	-118,990	24,670	12,999

Balance Sheet

NOK 1 000	30.09.2021	30.06.2021	31.03.2021	31.12.2020	30.09.2020
Assets					
Lending to and deposits with credit institutions	3,119,248	3,184,594	1,977,185	6,473,876	17,695,451
Certificates and bonds	22,504,403	28,690,918	25,297,614	34,515,412	33,852,412
Residential mortgage loans	217,216,218	211,797,941	210,994,595	208,613,697	205,998,995
Financial derivatives	11,275,359	13,893,022	11,937,811	21,396,448	30,074,324
Deferred tax asset	285,583	319,738	300,014	281,880	142,782
Other assets	4,084,584	412,906	4,009,951	5,018	798
Total assets	258,485,395	258,299,120	254,517,170	271,286,332	287,764,762
Liabilities and equity					
Liabilities					
Debt incurred by issuing securities	227,144,279	234,550,251	225,652,744	239,372,170	245,303,651
Collateral received under derivatives contracts	5,206,247	7,570,606	7,190,519	16,838,423	23,499,230
Repurchase agreement	9,568,306	0	2,610,725	-	250,003
Financial derivatives	1,772,856	1,919,437	2,389,366	915,540	726,670
Deferred tax	0	0	0	30,120	19,450
Tax payable	100,231	83,549	3,685	123,196	223,594
Subordinated debt	1,429,845	1,429,879	1,430,181	1,429,990	1,429,936
Other Liabilities	1,001,948	636,226	3,085,914	209,078	3,960,268
Total Liabilities	246,223,712	246,189,947	242,363,133	258,918,517	275,412,801
Equity					
Contributed equity	11,698,470	11,698,470	11,698,470	11,698,470	11,698,470
Other paid in equity (not yet registered)			-	-	-
Hybrid capital	900,000	900,000	900,000	900,000	900,000
Accrued equity	-443,609	-538,497	-470,203	-316,424	-394,177
Net profit	106,822	49,200	25,770	-	147,668
Declared dividends	0	0	-	85,769	-
Total equity	12,261,683	12,109,173	12,154,037	12,367,815	12,351,961
Total liabilities and equity	258,485,395	258,299,120	254,517,170	271,286,332	287,764,762

Notes to the financial statements

Note 1 Accounting principles

1.1 Basis for preparation

SpareBank1 Boligkreditt AS quarterly accounts have been prepared in accordance with the International Financial Standards (IFRS). The accounts have been produced in accordance with IAS 34 reporting for a partial year.

The presentation currency is Norwegian Kroner (NOK), which is also the Company's functional currency. All amounts are given in NOK thousand unless otherwise stated.

The interim financial statements are not audited.

1.2 Segments

The Company has only one segment, which is mortgage lending to customers. The segment consists of lending to private individuals and all loans have been acquired from the member banks of the SpareBank 1 alliance.

1.3 Estimates and assessments regarding the use of accounting principles

The preparation of the financial information involves management's estimates which affect the implementation of accounting principles and thereby accounting values for assets, liabilities, revenue and costs. These estimates have been described in the notes. .

Note 2 Net Interest Income

NOK 1 000	30.09.2021	30.09.2020	2020
Interest income			
Interest income from certificates, bonds and deposits	106,721	161,073	222,810
Interest income from residential mortgage loans	3,102,176	3,833,192	4,896,743
Total interest income	3,208,897	3,994,265	5,119,553
Interest expense			
Interest expense and similar expenses to credit institutions	-13	21,106	38,007
Interest expense and similar expenses on issued bonds	1,353,497	2,401,922	2,842,413
Interest expense and similar expenses on subordinated debt	22,618	30,428	37,900
Recovery and Resolution Fund *	36,146	38,224	51,385
Other interest expenses	6,901	5,483	10,374
Total interest expense	1,419,148	2,497,164	2,980,079
Net interest income	1,789,747	1,497,100	2,139,473

* From 2019, SPB1 Boligkreditt has been incorporated into the Norwegian Bank Recovery and Resolution Fund.

Note 3 Commissions to SpareBank 1 banks

NOK 1 000	30.09.2021	30.09.2020	2020
Commission expense			
Commission expense to SpareBank 1 banks	1,606,495	1,169,011	1,769,898
Total commission expense	1,606,495	1,169,011	1,769,898

These amounts represent Boligkreditt's expenses in form of commissions to its owner banks, which originate the mortgage loans transferred to the Company. The amounts are calculated by subtracting all of the Company's funding costs and estimated operational costs, including costs for additional Tier 1 bonds outstanding, as a percentage rate, from the interest rate on each mortgage loan the Company finances.

Note 4 Net Gains on Financial Instruments

NOK 1 000	30.09.2021	30.09.2020	2020
Net gains (losses) from financial liabilities	-1,984,299	-6,548,320	-6,074,987
Net gains (losses) from financial derivatives at fair value, hedging liabilities (hedging instrument)	10,466,092	-5,931,934	3,648,701
Net gains (losses) from financial assets	-8,527,969	10,903,519	2,308,177
Net gains (losses) from financial derivatives at fair value, hedging assets (hedging instrument)	15,026	1,470,575	-24,090
Net gains (losses)	-31,151	-106,159	-142,200

The Company utilizes hedge accounting as defined in IFRS for issued fixed rate bonds (covered bonds) with derivatives (swaps) which hedges fixed rates to floating and foreign currencies to Norwegian kroner. The hedges are individually tailored to each issued bond and exactly matches the cash flows and duration of the issued bonds. Some liabilities in foreign currency are hedged with natural hedges (corresponding assets in the same currency) and this may cause the valuation differences between assets and liabilities. There may also be valuation differences between liabilities and hedges due to the amortization of issuance costs and bonds issued at or below par value.

SpareBank 1 Boligkreditt AS manages its liquidity risk by refinancing its outstanding bonds ahead of expected maturities and keeping proceeds as a liquidity portfolio. Fixed rate bonds and bonds in other currencies than Norwegian kroner are hedged using swaps, unless forming part of a natural hedge. These positions are valued at fair value though differences may occur because the valuation of the bonds include a credit risk/spread element which the swaps do not contain. Included in assets in the table are also investments in short term, highly rated bonds from funds received from swap counterparties for collateral purposes, with a corresponding collateral liability. Such investments do not have swap hedges.

All derivatives are valued at fair value according to changes in market interest rates and foreign exchange rates. Changes in valuations from the previous period is accounted for in profit and loss.

Note 5 Salaries and Remuneration

NOK 1 000	30.09.2021	30.09.2020	2020
Salaries	8,148	7,803	10,922
Salaries reinvoyced to SpareBank1 Næringskreditt*	-2,274	-2,413	-3,275
Pension expenses	1,563	1,041	1,977
Social insurance fees	1,915	1,767	2,332
Other personnel expenses	200	736	510
Total salary expenses	9,552	8,934	12,465
Average number of full time equivalents (FTEs)	8	7	8

* The company's employees have shared employment between SpareBank 1 Næringskreditt and SpareBank 1 Boligkreditt. All remuneration is effectuated through SpareBank 1 Boligkreditt and a portion is reinvoyced to SpareBank 1 Næringskreditt. The company also buys administrative services from SpareBank 1 SMN and SpareBank 1 Gruppen.

Note 6 Other Operating Expenses

NOK 1 000	30.09.2021	30.09.2020	2020
IT and IT operations	9,830	9,784	12,704
Purchased services other than IT	10,909	8,645	13,282
Other Operating Expenses	1,125	1,381	1,721
Depreciation on fixed assets and other intangible assets	144	270	359
Total	22,007	20,079	28,065

Note 7 Other Assets

NOK 1 000	30.09.2021	30.09.2020	2020
Leases	3,180	0	3,879
Fixed assets	261	154	320
Intangible assets	0	339	85
Accounts receivables from SpareBank 1 Næringskreditt AS	404	297	515
Accounts receivable, securities	4,068,288	0	212
Other	12,451	8	7
Total	4,084,584	798	5,018

Note 8 Residential mortgage loans

Lending to customers are residential mortgages only. The mortgages generally have a low loan-to-value. The total amount of lending to customers at the end of 30.09.2021 were NOK 217 billion. All mortgages carry a variable interest rate.

NOK 1 000	30.09.2021	30.09.2020	2020
Revolving loans - retail market	38,598,699	41,986,145	40,078,412
Amortising loans - retail market	178,486,786	163,887,748	168,409,290
Accrued interest	147,609	147,600	156,170
Total loans before specified and unspecified loss provisions	217,233,094	206,021,494	208,643,872
Stage 1	209,985,992	199,158,131	199,787,000
Stage 2	7,247,103	6,863,362	8,856,872
Stage 3	-	-	-
Gross loans	217,233,094	206,021,494	208,643,872
Impairments on groups of loans			
Expected credit loss, stage 1	1,119	1,271	1,207
Expected credit loss, stage 2, no objective proof of loss	15,758	21,228	28,968
Expected credit loss, stage 3, objective proof of loss	-	-	-
Total net loans and claims with customers	217,216,218	205,998,995	208,613,697
Liability			
Unused balances under customer revolving credit lines (flexible loans)	12,599,299	12,648,002	12,328,559
Total	12,599,299	12,648,002	12,328,559
Defaulted loans			
Defaults*	0.0 %	0.0 %	0,0 %
Specified loan loss provisions	0.0 %	0.0 %	0,0 %
Net defaulted loans	0.0 %	0.0 %	0,0 %
Loans at risk of loss			
Loans not defaulted but at risk of loss	0.0 %	0.0 %	0,0 %
- Write downs on loans at risk of loss	0.0 %	0.0 %	0,0 %
Net other loans at risk of loss	0.0 %	0.0 %	0,0 %

* The entire customer loan balance is considered to be in default and will be included in overviews of defaulted loans when overdue instalments and interest payments are not received within 90 days or if credit limits on revolving loans are exceeded for 90 days or more.

Note 9 Share Capital and Shareholder Information

List of shareholders as of 2021

	No of Shares	in percent	Share of votes
SpareBank 1 Østlandet	17,506,879	22.45 %	22.45 %
SpareBank 1 SMN	17,431,133	22.36 %	22.36 %
SpareBank 1 Nord-Norge	14,146,598	18.14 %	18.14 %
BN Bank ASA	5,436,118	6.97 %	6.97 %
SpareBank 1 BV	4,734,098	6.07 %	6.07 %
Sparebanken Telemark	3,894,956	5.00 %	5.00 %
SpareBank 1 Ringerike Hadeland	3,698,165	4.74 %	4.74 %
SpareBank 1 Østfold Akershus	3,694,453	4.74 %	4.74 %
SpareBank 1 Nordvest	1,633,728	2.10 %	2.10 %
SpareBank 1 Modum	1,856,509	2.38 %	2.38 %
SpareBank 1 Søre Sunnmøre	1,171,457	1.50 %	1.50 %
SpareBank 1 Gudbrandsdal	1,141,753	1.46 %	1.46 %
SpareBank 1 Hallingdal Valdres	983,950	1.26 %	1.26 %
SpareBank 1 Lom og Skjåk	642,352	0.82 %	0.82 %
Total	77,972,149	100 %	100 %

The share capital consists of 77.972.149 shares with a nominal value of NOK 100.

The percent share allocation and share of vote are identical.

Hybrid capital

NOK 1000	ISIN	Interest rate	Issued year	Call option	30.09.2021	30.09.2020	2020
Perpetual							
Hybrid (Tier 1 capital instrument)	NO0010767643	3M Nibor + 360 bp	2016	22.06.2021		250,000	250,000
Hybrid (Tier 1 capital instrument)	NO0010811318	3M Nibor + 310 bp	2017	01.12.2022	100,000	100,000	100,000
Hybrid (Tier 1 capital instrument)	NO0010850621	3M Nibor + 340 bp	2019	30.04.2024	350,000	350,000	350,000
Hybrid (Tier 1 capital instrument)	NO0010890825	3M Nibor + 300 bp	2020	26.08.2025	200,000	200,000	200,000
Hybrid (Tier 1 capital instrument)	NO0010993009	3M Nibor + 250 bp	2021	06.05.2026	250,000		
Book value					900,000	900,000	900,000

The issued bonds listed in the table above have status as Tier 1 capital instruments in the Company's capital coverage ratio.

Note 10 Liabilities incurred by issuing Securities

	Nominal value*	Nominal value*	Nominal value*
NOK 1 000	30.09.2021	30.09.2020	2020
Senior unsecured bonds	-	-	-
Repurchased senior unsecured bonds	-	-	-
Covered bonds	216,704,416	218,416,475	220,831,875
Repurchased Covered bonds	-	-2,990,000	-2,500,000
Total debt incurred by issuing securities	216,704,416	215,426,475	218,331,875

* Nominal value is incurred debt at exchange rates (EUR/NOK and USD/NOK) at the time of issuance.

	Book value	Book value	Book value
NOK 1 000	30.09.2021	30.09.2020	2020
Senior unsecured bonds	-	-	-
Repurchased senior unsecured bonds	-	-	-
Covered bonds	226,670,509	247,538,288	240,993,020
Repurchased covered bonds	-	-2,990,406	-2,500,013
Activated costs incurred by issuing debt	-193,079	-214,471	-201,926
Accrued interest	666,849	970,239	1,081,090
Total debt incurred by issuing securities	227,144,279	245,303,651	239,372,170

Covered bonds

Due in	30.09.2021	30.09.2020	2020
2021		27,112,000	24,779,600
2022	38,749,200	43,759,200	41,749,200
2023	30,568,200	28,196,750	30,606,750
2024	28,115,456	24,158,575	28,158,375
2025	31,713,750	30,713,750	31,713,750
2026	24,010,000	22,710,000	22,710,000
2027	25,546,710	11,563,850	11,551,850
2028	2,712,800	2,712,800	2,712,800
2029	24,042,800	24,257,050	24,107,050
2031	10,003,000		
2032	1,000,000	-	-
2038	242,500	242,500	242,500
Total	216,704,416	215,426,475	218,331,875

* Nominal value is incurred debt at exchange rates (EUR/NOK, USD/NOK, SEK/NOK and GBP/NOK) at the time of issuance.

Debt incurred by currency (book values at the end of the period)

NOK 1 000	30.09.2021	30.09.2020	2020
NOK	76,844,559	69,545,046	72,469,545
EUR	132,513,334	157,238,388	148,882,707
GBP	8,967,115	9,265,435	8,845,102
SEK	8,819,270	9,254,781	9,174,816
Total	227,144,279	245,303,651	239,372,170

Note 11 Subordinated Debt

NOK 1000	ISIN	Interest rate	Issued year	Call option from	Maturity	Nominal amount	30.09.2021	30.09.2020	2020
With maturity									
Subordinated debt (Tier 2 capital instrument)	NO0010826696	3M Nibor + 153 bp	2018	22.06.2023	22.06.2028	250,000	250,000	250,000	250,000
Subordinated debt (Tier 2 capital instrument)	NO0010833908	3M Nibor + 180 bp	2018	08.10.2025	08.10.2030	400,000	400,000	400,000	400,000
Subordinated debt (Tier 2 capital instrument)	NO0010835408	3M Nibor + 167 bp	2018	02.11.2023	02.11.2028	475,000	475,000	475,000	475,000
Subordinated debt (Tier 2 capital instrument)	NO0010842222	3M Nibor + 192 bp	2019	24.01.2024	24.01.2029	300,000	300,000	300,000	300,000
Accrued interest							4,845	4,936	4,990
Book value							1,429,845	1,429,936	1,429,990

The issued bonds listed in the table above have status as Tier 2 capital instruments in the Company's capital coverage ratio.

Note 12 Financial Derivatives

NOK 1 000	30.09.2021	30.09.2020	2020
Interest rate derivative contracts			
Interest rate swaps			
Nominal amount	34,074,921	59,952,495	54,965,589
Asset	1,130,019	2,927,406	2,427,317
Liability	-107,439	-214,028	-192,716
Currency derivative contracts			
Currency swaps			
Nominal amount	134,751,775	121,765,375	139,210,375
Asset	10,145,340	27,146,917	18,969,131
Liability	-1,105,186	-45,024	-297,883
Total financial derivative contracts			
Nominal amount	168,826,696	181,717,870	194,175,964
Asset	11,275,359	30,074,324	21,396,448
Liability*	-1,212,626	-259,052	-490,599
All derivative contracts exist for the purpose of hedging changes in interest rates and currency exchange rates.			
* Change due to basis swap spread adjustment	30.09.2021	30.09.2020	2020
Total liability derivatives	-1,212,626	-259,052	-490,599
Net gain (loss) on valuation adjustment of basis swap spreads	-560,231	-467,617	-424,941
Net liability derivatives	-1,772,856	-726,670	-915,540

Basis swaps are currency swaps and are entered into at a certain cost (basis swap spread) between SpareBank 1 Boligkreditt and banks which offer such swaps and which have signed an ISDA agreement with the Company. Changes in the cost are valued each quarter across all of the Company's swaps in accordance with the IFRS rules. The effect may be material from quarter to quarter because the Company's portfolio of swaps is extensive. All basis swap value changes will reverse over time towards the point of termination of the swaps. Changes in basis swap valuations are not included in net income, but is included in other comprehensive income and in equity.

Note 13 Classification of Financial Instruments

NOK 1 000	Financial instruments accounted for at fair value	Financial assets and debt accounted for at amortised cost	Non-financial assets and liabilities	30.09.2021
Assets				
Lending to and deposits with credit institutions	-	3,119,248	-	3,119,248
Certificates and bonds	22,504,403	-	-	22,504,403
Residential mortgage loans	-	217,216,218	-	217,216,218
Financial derivatives	11,275,359	-	-	11,275,359
Deferred tax asset	-	-	285,583	285,583
Other assets	-	-	4,084,584	4,084,584
Total Assets	33,779,762	220,335,466	4,370,167	258,485,395
Liabilities				
Debt incurred by issuing securities*	-	227,144,279	-	227,144,279
Collateral received in relation to financial derivatives	-	5,206,247	-	5,206,247
Repurchase agreement	-	9,568,306	-	9,568,306
Financial derivatives	1,772,856	-	-	1,772,856
Deferred taxes	-	-	0	0
Taxes payable	-	-	100,231	100,231
Subordinated dept	-	1,429,845	-	1,429,845
Other liabilities	-	-	1,001,948	1,001,948
Total Liabilities	1,772,856	243,348,676	1,102,179	246,223,712
Total Equity	-	900,000	11,361,683	12,261,683
Total Liabilities and Equity	1,772,856	244,248,676	12,463,862	258,485,395

* For issued securities, 170 billion are hedged with swaps. This means that foreign currency and fixed rate exposure is effectively converted to a 3 month NIBOR exposure in Norwegian kroner.

NOK 1 000	Financial instruments accounted for at fair value	Financial assets and debt accounted for at amortised cost	Non-financial assets and liabilities	30.09.2020
Assets				
Lending to and deposits with credit institutions	-	17,695,451	-	17,695,451
Certificates and bonds	33,852,412	-	-	33,852,412
Residential mortgage loans	-	205,998,995	-	205,998,995
Financial derivatives	30,074,324	-	-	30,074,324
Deferred tax asset	-	-	142,782	142,782
Other assets	-	-	798	798
Total Assets	63,926,736	223,694,446	143,580	287,764,762
Liabilities				
Debt incurred by issuing securities*	-	245,303,651	-	245,303,651
Collateral received in relation to financial derivatives	-	23,499,230	-	23,499,230
Repurchase agreement	-	250,003	-	250,003
Financial derivatives	726,670	-	-	726,670
Deferred taxes	-	-	19,450	19,450
Taxes payable	-	-	223,594	223,594
Subordinated dept	-	1,429,936	-	1,429,936
Other liabilities	-	-	3,960,268	3,960,268
Total Liabilities	726,670	270,482,820	4,203,312	275,412,801
Total Equity	-	900,000	11,451,961	12,351,961
Total Liabilities and Equity	726,670	271,382,820	15,655,273	287,764,762

*For issued securities, 196 billion are hedged with swaps. This means that foreign currency and fixed rate exposure is effectively converted to a 3 month NIBOR exposure in Norwegian kroner.

Note 14 Financial Instruments at Fair Value

Methods in order to determine fair value

General

The interest rate curve that is used as input for fair value valuations of hedging instruments and hedging objects consists of the NIBOR-curve for maturities less than one year. The swap-curve is used for maturities exceeding one year.

Interest rate and currency swaps

Valuation of interest rate swaps at fair value is done through discounting future cash flows to their present values. Valuation of currency swaps will also include the element of foreign exchange rates.

Bonds

Valuation of bonds at fair value is done through discounting future cash flows to present value.

With effect from 2009 SpareBank 1 Boligkreditt AS has implemented the changes in IFRS 7 in relation to the valuation of financial instruments as of the date of the financial accounts. The changes require a presentation of the fair value measurement for each Level. We have the following three Levels for the fair value measurement:

Level 1: Quoted price in an active market. Fair value of financial instruments which are traded in active markets are based on the market price at the balance sheet date. A market is considered to be active if the market prices are easily and readily available from an exchange, dealer, broker, industry group, pricing service or regulating authority and that these prices represent actual and regular market transactions on an arm's length basis.

Level 2: Valuation based on observable factors. Level 2 consist of instruments which are not valued based on listed prices, but where prices are indirectly observable for assets or liabilities, but also includes listed prices in not active markets.

Level 3: The valuation is based on factors that are not found in observable markets (non-observable assumptions). If valuations according to Level 1 or Level 2 are not available, valuations are based on not-observable information. The Company has a matter of principle neither assets nor liabilities which are valued at this level.

The following table presents the company's assets and liabilities at fair value as of 30.09.2021.

NOK 1 000

	Level 1	Level 2	Level 3	Total
Certificates and bonds	22,504,403	-	-	22,504,403
Financial Derivatives	-	11,275,359	-	11,275,359
Total Assets	22,504,403	11,275,359	-	33,779,762
Financial Derivatives	-	1,772,856	-	1,772,856
Total Liabilities	-	1,772,856	-	1,772,856

Issued debt is formally accounted for at amortized cost, and is therefore not listed in the table above. However, when issued debt is hedged with derivatives it is in effect accounted for using hedge accounting and fair value option. This means that approximately NOK 170 billion of issued debt are also accounted for according to Level 2 above, while the remaining debt are accounted for at amortized cost.

The following table presents the company's assets and liabilities at fair value as of 30.09.2020

NOK 1 000

	Level 1	Level 2	Level 3	Total
Certificates and bonds	33,852,412	-	-	33,852,412
Financial Derivatives	-	30,074,324	-	30,074,324
Total Assets	33,852,412	30,074,324	-	63,926,736
Financial Derivatives	-	726,670	-	726,670
Total Liabilities	-	726,670	-	726,670

Issued debt is formally accounted for at amortized cost, and is therefore not listed in the table above. However, when issued debt is hedged with derivatives it is in effect accounted for using hedge accounting and fair value option. This means that approximately NOK 196 billion of issued debt are also accounted for according to Level 2 above, while the remaining debt are accounted for at amortized cost.

Note 15 Other Liabilities

NOK 1 000	30.09.2021	30.09.2020	2020
Employees tax deductions and other deductions	452	367	627
Employers national insurance contribution	604	1,239	702
Accrued holiday allowance	791	776	1,082
Commission payable to shareholder banks	183,776	189,529	184,028
Deposits*	3,047	3,101	4,361
Pension liabilities	10,898	11,833	10,448
Expected credit loss unused credit lines (flexible loans)	35	113	51
Accounts payable, securities	796,572	3,762,575	-
Other accrued costs	5,772	-9,265	7,779
Total	1,001,948	3,960,268	209,078

The Company does not have an overdraft facility or a revolving credit facility as of 30.09.2021.

* Deposits represent temporary balances paid in by customers in excess of the original loan amount.

Accounts payable, securities, are such amounts that have been transacted, but not yet settled.

Note 16 Asset Coverage Test

The asset coverage is calculated according to the Financial Services Act § 2-31 (Covered Bond Legislation). The asset coverage test excludes as a cover pool asset any shares of mortgages representing loan to value above the legal maximum of 75 percent.

In addition any defaulted loans, i.e. loans in arrears at or beyond 90 days, are excluded from the asset coverage.

Substitute (liquid) assets are included at market values.

NOK 1 000	30.09.2021	30.09.2020	2020
Covered Bonds	227,365,134	248,539,419	242,074,324
Total Covered Bonds	227,365,134	248,539,419	242,074,324
Residential mortgage loans	216,693,944	204,930,908	207,697,380
Public sector, SSA bond exposure	4,315,166	1,464,766	3,858,900
-of which allocated to LCR	4,315,166	835,840	1,245,478
Reverse repo/ depo less than 100 days	-4,733,157	6,656,019	4,402,964
-of which allocated to LCR	-2,621,015	0	-
Exposure to credit institutions (covered bonds)	14,620,853	16,462,046	15,852,466
-of which allocated to LCR	4,907,412	2,211,586	1,948,134
Derivatives	10,062,734	29,815,273	20,905,849
Total Cover Pool	234,357,978	256,281,586	249,523,946
Asset-coverage	103.1 %	103.1 %	103.1 %
Cover pool including amounts allocated to LCR	240,959,541	259,329,012	252,717,558
Assets-coverage including amounts allocated to LCR	106.0 %	104.3 %	104.4 %
Liquidity Coverage Ratio (LCR)	30.09.2021	30.09.2020	2020
Liquid assets	12,119,952	19,669,497	17,332,393
Cash outflow next 30 days	5,443,682	13,511,171	12,783,956
LCR ratio	222.6 %	145.6 %	135.6 %
Net Stable Funding Ratio (NSFR)	30.09.2021	30.09.2020	2020
Available amount of stable funding	217,513,161	235,976,047	227,169,644
Required amount of stable funding	226,210,365	217,614,132	217,574,186
NSFR ratio	96.2 %	108.4 %	104.4 %

Note 17 Capital Adequacy

The primary goal for the Company's management of capital reserves is to ensure compliance with laws and regulatory requirements. The company's owner banks pay in additional core capital on an as-needed basis, according to the covered bond funding function that Boligkreditt delivers to its banks.

As of December 31, 2020, the Norwegian national implementation of the EU's CRR/CRD IV was amended, which means that the average risk weight on lending secured by residential property in Norway cannot be lower than 20 percent.

The European Union has approved new regulatory requirements, CRD IV, which is implemented in Norway. The requirement of 16.0 percent total capital for SpareBank 1 Boligkreditt includes:

- Minimum core equity Pillar 1: 4.5 percent.
- Additional Tier 1 equity capital 1.5 percent and additional Tier 2 capital 2.0 percent (can be held as Tier 1 and Tier 2, alternatively as core equity capital).
- Conservation buffer: 2.5 percent core capital.
- Systemic risk buffer: 4.5 percent core equity for exposures in Norway.
- Countercyclical buffer: 1.0 percent core equity.

The Issuer has an additional Pillar 2 requirement which is 0.9 percent core equity capital. The total requirement for the Issuer is therefore to have capital of minimum 16.9 percent of risk weighted assets. With a management buffer added, the target for capital coverage is 17.3 percent as of September 30, 2021.

The Company's parent banks have committed themselves to keeping the Company's Equity Tier 1 capital at the minimum regulatory level (in the Shareholders Agreement). Primarily this commitment is pro rata according to the ownership stakes in the Company, but it is a joint undertaking if one or more ownership banks are unable to comply, up to the maximum of twice the initial pro rata amount.

Capital. NOK 1 000	30.09.2021	30.09.2020	2020
Share capital	7,797,215	7,797,215	7,797,215
Premium share fund	3,901,255	3,901,255	3,901,255
Other equity capital	-417,892	-394,177	-282,363
Common equity	11,280,578	11,304,293	11,416,107
Intangible assets	-	-154	-85
Declared share dividend	-	-	-85,769
100% deduction of expected losses exceeding loss provisions IRB (CRD IV)	-399,728	-385,380	-409,225
Prudent valuation adjustment (AVA)	-13,437	-17,900	-19,711
Deferred taxes	-	-	-
Core equity capital	10,867,413	10,900,859	10,901,316
Hybrid bond	900,000	900,000	900,000
Tier 1 equity capital	11,767,413	11,800,859	11,801,316
Supplementary capital (Tier 2)	1,425,000	1,425,000	1,425,000
Total capital	13,192,413	13,225,859	13,226,316
Minimum requirements for capital. NOK 1 000	30.09.2021	30.09.2020	2020
Credit risk	4,222,269	3,850,503	4,040,496
Market risk	-	-	-
Operational risk	56,724	59,537	56,724
CVA Risk	396,923	500,326	334,910
Minimum requirement for capital	4 696 927	4 561 616	4 432 130
Capital coverage	30.09.2021	30.09.2020	2020
Risk-weighted assets	58,448,940	55,129,576	55,401,623
Capital coverage (requirement w/all buffers, 16.9%)	22.57 %	23.99 %	23.87 %
Tier 1 capital coverage (requirement w/all buffers, 14.9%)	20.13 %	21.41 %	21.30 %
Core capital coverage (requirement w/all buffers, 13.4%)	18.59 %	19.77 %	19.68 %
Leverage ratio (requirement 3.0%)	4.53 %	4.60 %	4.53 %

Note 18 Related parties

The Company has 217.216 MNOK loans to customers. These are loans acquired from shareholder banks at market values (i.e. nominal value).

SpareBank 1 SMN

The Company acquires significant support services, including accounting services, back-office and other banking services from SpareBank 1 SMN. These services were previously purchased from SpareBank SR Bank. A complete SLA is established between the Company and SpareBank 1 SMN.

SpareBank 1 - Alliance

In addition the Company has a Transfer and Servicing agreement in place with each individual shareholder bank regulating amongst other things the servicing of mortgage loans.

SpareBank 1 Næringskreditt AS

All employees within SpareBank 1 Boligkreditt AS are also to various degrees working for SpareBank 1 Næringskreditt AS. Twenty percent of the administrative expenses in SpareBank 1 Boligkreditt AS to be charged to SpareBank 1 Næringskreditt AS. This division of administrative expenses between the two companies reflect the actual resources utilisation in SpareBank 1 Boligkreditt AS.

Note 19 Collateral received

NOK 1 000	30.09.2021	30.09.2020	2020
Collateral	5,206,247	23,499,230	16,838,423
Total	5,206,247	23,499,230	16,838,423

SpareBank 1 Boligkreditt has signed ISDA-agreements including CSAs (Credit Support Annexes) with a number of financial institutions that are counterparties in interest rate and currency swaps. These institutions post collateral in the form of cash deposits to SpareBank 1 Boligkreditt. The amount is included in the balance sheet, but represents restricted cash.

Note 20 Contingencies and events after balance sheet date

SpareBank 1 Boligkreditt AS is not a party to any ongoing legal proceedings.

No events have taken place after the balance sheet date which are expected to have any material impact on the financial statements as of the end of the period 30.09.2021.

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